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C O N F I D E N T I A L SECTION 01 OF 02 GEORGETOWN 000522

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TAGS: ECON PREL GY
SUBJECT: GEORGETOWN POL/ECON ROUND-UP, OCTOBER 14-28, 2009

Classified By: Charge d'Affaires Karen L. Williams for reasons 1.4 (b) and (d)

¶1. (U) This cable inaugurates a new practice of bi-weekly "round-up" reporting cables highlighting developments in Guyana's politics and economy. This first installment covers October 14-28, 2009.

CANCELLATION OF UK SECURITY SECTOR REFORM GOES PUBLIC
¶2. (C) Responding to a BBC Caribbean report on October 27, Head of the Presidential Secretariat Dr. Roger Luncheon expressed regret but defended the GoG's loss of a nearly USD 8 million security sector reform project, citing concerns about sovereignty and "ownership" of the project's management, but attributed cancellation to U.K. displeasure with the GoG denying permission for a British military livefire exercise. (Note: In reality, the live fire exercise was approved and already took place). According to the U.K. High Commission, the GoG resisted meaningful financial and managerial oversight of the project as well as the policy and structural reform aspects of the project throughout two years of negotiations and were unwilling to compromise. The U.S., Canadian and EU missions have agreed not to "fill the gap" left by the cancellation of the reform project unless the GoG agrees to the policy and structural reforms. The IDB, however, has initiated a substantial police training program that largely gives the GoG what they wanted, but without the institutional reforms. COMMENT: This episode reinforces the GoG's image as an unnecessarily difficult assistance partner prone to erratic rhetorical outbursts and rash judgments when firm and effective (and difficult to evade) conditionalities are attached. END COMMENT.

POLICE PROBE INTO EXTRA-JUDICIAL KILLINGS/KHAN CASE LAUNCHED
¶3. (SBU) On October 15 Shaheed & Roger Khan was sentenced in U.S. District Court to two, concurrent, 15-year sentences for narcotics trafficking. Terms of his sentencing stipulate that he will be deported to Guyana after serving his time. Public reaction in Guyana was muted and divided along racial lines. On October 21, the Guyana Police Force (GPF) announced a special investigative team to probe allegations of nearly 200 extra-judicial killings by Khan, s & Phantom Squad.8 Public opinion of the GPF's capacity to undertake such investigations is generally skeptical and commentators believe people with sensitive knowledge may not trust the GPF and therefore hinder the special investigative team's effectiveness. Nevertheless, the Guyana Human Rights Association on October 22 submitted a list of nearly 60 people they suspect were murdered by Khan and his & Phantom Squad.8 An alliance of opposition parties including the PNC-R and AFC dismissed the GPF's special investigative team and reiterated its call for an internationally led inquiry into the Khan-GoG saga. The GoG continues to deny any involvement in Khan's criminal activities and repeatedly cites lack of information sharing from the U.S. government as a hindrance to investigating. (Note: USDOJ is reviewing investigative files in the case in order to respond to an official request from the GoG for any information the U.S. has in the Khan case.)
PROGRESS ON PRESS FREEDOM

¶4. (SBU) Guyana Court of Appeals ruled on October 14 that the GoG's de facto monopoly on radio transmissions is illegal. State-owned radio programming dominates the air waves because the National Frequency Management Unit has not processed any of the nearly 60 applications for licenses it has received since the early 1990s. The GoG issued a statement about its commitment to liberalizing broadcast media but maintained first it must adopt new broadcast legislation before the NFMU grants any licenses. Media analysts widely hailed the court's ruling and expressed hope it would end decades of government monopoly on radio. Released on October 22, Reporters Without Borders Press Freedom Index for 2009 raises Guyana's rank to 39 from 88 in 2008, citing a mainly free press and only intermittent tensions between the GoG and media.

MINISTRY OF HEALTH ARSON INVESTIGATION

¶5. (C) On October 21 Minister of Home Affairs Clement Rohee stated that an &intellectual author8 of the July arson at the Ministry of Health is known and resides in the U.S. How the Minister is certain of this individual's involvement is not clear, though he indicated the suspect made telephone calls to Guyana around the time of the fire. The Minister also would not comment on what motivation the &intellectual author8 had in channa-bombing the Ministry. Shortly after the arson, the GPF passed a U.S. telephone number to the non-resident A/LEGATT and requested that the U.S. identify the owner of the number. In his statement on the 21st Rohee publicly referred to this transmission and expressed concern that a &positive response8 had not yet been received from U.S. law enforcement officials. In a meeting with the Charge on October 28, President Jagdeo personally pressed for a response on this item and indicated that they felt it

GEORGETOWN 00000522 002 OF 002

belonged to someone within the Mark Benschopf political organization. Benschopf has in the past been convicted of, and later pardoned, on charges of treason and inciting violence.

COMMERCIAL DISPUTE WITH VENEZUELAN POLITICAL CONNECTIONS

¶6. (SBU) In early October Econ Off assisted Sea Rice Caribbean, a subsidiary of U.S.-based Seaboard Corporation, in resolving a rice export contract dispute with the Guyana Rice Development Board (GRDB). The GRDB had delayed approval of signed contracts for 24,000 tons of rice between Sea Rice and local millers for over a month. Sea Rice's agent had negotiated similar contracts during each of the past 30 rice harvests in Guyana and had never experienced such a delay. Inquiries with the GRDB President and the Minister of Agriculture, Robert Persaud, led to a satisfactory resolution for Sea Rice. On October 21, Minister Persaud signed a first-ever rice export deal with Venezuela for 50,000 tons, earning Guyana's rice industry USD 18.8 million at reportedly premium prices to those in traditional European and North American markets. President Jagdeo initiated the deal with Chavez at UNGA. This new commercial relationship raises concerns that future contracts with millers may be subject to political review at the GRDB and possible renegeing to satisfy commitments made to Venezuela.

LCDS GARNERS FIRST FINANCIAL COMMITMENTS FROM WORLD BANK AND IDB

¶7. (SBU) President Jagdeo's Low Carbon Development Strategy (LCDS)) an ambitious plan to channel hundreds of millions of US dollars from forest conservation payments into carbon-conscious economic development) received its first two financial commitments during the week of October 19-23: a World Bank USD 200,000 grant for additional consultations between the GoG and Amerindian communities and a USD 1.4 million IDB grant for climate change adaptation and Amerindian consultations. The Norwegian government (GoN) and GoG are negotiating an MOU on Norwegian financial assistance for the LCDS expected to be completed in early November. GoN contacts stress that Norwegian financial participation in LCDS will be results-based, meaning GoG must produce verified emissions reductions through REDD . GoN contacts are not able to articulate equally clear and quantifiable performance standards for GoG governance, widely viewed among the donor

community as the primary stumbling block to the LCDS.
SUGAR INDUSTRY CONTINUES DOWNWARD SPIRAL AFTER LOSING EU
SUBSIDY

¶18. (SBU) The state-owned Guyana Sugar Corporation (GUYSUCO) continues to experience debilitating financial and labor difficulties. The enterprise's net operating loss this past fiscal year was USD 12.5 million, while incurring nearly USD 25 million in new commercial debts. During the peak harvest season in October, wage negotiations between GUYSUCO and the Guyana Agricultural and Workers Union (GAWU) have stalled, leaving much cane un-harvested. With a gap of 12 percent between GAWU's wage raise demand and GUYSUCO's offer, no quick and easy resolution is forthcoming. In late September the European Union cancelled Guyana's preferential sugar subsidy, forcing GUYSUCO to face far lower market rates. During the past year, the GoG and GUYSUCO have taken extraordinary steps to maximize benefits under the expiring EU program, including forfeiting preferential access to the U.S. market (via tariff rate quotas) and importing sugar from Guatemala to supply domestic demand while channeling domestic production to Europe.

REMITTANCES HOLD STEADY DESPITE GLOBAL ECONOMIC DOWNTURN

¶19. (SBU) Governor of the Bank of Guyana Lawrence Williams informed Econ Off in early October that remittance flows have remained surprisingly consistent despite the global economic downturn. The Governor was uncertain how to account for this stability as globally remittances have declined significantly in lock-step with deteriorating employment conditions.

Guyana is one of the most remittance-dependent countries in the world with remittances accounting for nearly 25 percent of the country's GDP.

LDS MISSIONARIES' ARBITRARY TREATMENT CONTINUES

¶10. (C) As of October 1, all Mormon missionaries temporarily detained in early September and ordered to depart Guyana within 30 days had done so. Some replacement missionaries are beginning to arrive. LDS representatives have met with Ministry of Home Affairs, officials, who presented the Mormons with "guidelines⁸ to follow so similar incidents do not recur; these &guidelines⁸ stipulate that LDS missionaries must obtain work permits prior to entering Guyana and no more than 20 foreign personnel may hold such permits at one time. No statutory bases for the new procedure or the numerical limitation appear to exist in Guyana law. Post's repeated requests to the Ministry of Foreign Affairs for clarification of the work permit procedures have gone unanswered.

Williams